

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

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In the Matter of )

UmbrellaBank, fsb )  
Chicago, IL )  
OTS Docket No. 08462 )

Order No. **ATL-2002-11**

Date: **August 16, 2002**  
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STIPULATION AND CONSENT TO THE ISSUANCE OF AN  
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision (OTS), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate administrative cease and desist proceedings against UmbrellaBank, fsb, Chicago, Illinois, OTS Docket No. 08462 (the Bank) pursuant to 12 U.S.C. § 1818(b)<sup>1</sup>, and

WHEREAS, the Bank desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, or the accuracy of the Findings of Fact or opinions and conclusions of the OTS, except as to Jurisdiction, paragraph 1, below, which is admitted, hereby stipulates and agrees to the following:

1. Jurisdiction. (a) The Bank is a "savings association" within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

<sup>1</sup> All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

(b) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain administrative cease and desist proceedings against such a savings association. Therefore, the Bank is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b). The Director of the OTS has delegated to the Regional Director of the Southeast Region of the OTS or his designee (Regional Director) the authority to issue cease and desist orders where the institution has consented to the issuance of the orders.

2. OTS Findings of Fact. The OTS finds that:

The Bank has engaged in unsafe and unsound activities, violations of laws and regulations, as outlined in the October 29, 2001 Report of Examination of UmbrellaBank, fsb and the May 20, 2002 Field Visit Report of UmbrellaBank, fsb.

3. Consent. The Bank consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist For Affirmative Relief (Order). It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers. The Bank waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the OTS, including its employees and agents, and any other Federal governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

(e) the right to assert this proceeding, its consent to the issuance of the Order, the issuance of the Order, the payment of any monies or the provision of any other financial relief as contemplated by the Order as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. Other Governmental Actions Not Affected. The Bank acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this OTS enforcement matter against the Bank only, as described in Paragraph 2. of this Stipulation and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against or other proceeding, civil or criminal, that may be or has been brought by the OTS or another governmental entity.

7. Miscellaneous. (a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the construction hereof;

(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

8. Signature of Directors. Each director signing this Stipulation attests that he/she voted in favor of a resolution authorizing the execution of the Stipulation.

WHEREFORE, UmbrellaBank, fsb, by a majority of its directors, executes this Stipulation and Consent to the Issuance of an Order to Cease and Desist For Affirmative Relief, intending to be legally bound hereby.

UMBRELLABANK, FSB  
Accepted by a majority of its directors:

By: Joe S. Zedinal

Joseph J. Mortimer

Donald H. Hittman

Dennis H. Conrad

OFFICE OF THRIFT SUPERVISION

John E. Ryan  
John E. Ryan  
Regional Director, Southeast Region

Harold Bitt

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In the Matter of  
  
UmbrellaBank, fsb  
Chicago, IL  
OTS Docket No. 08462

Date: **August 16, 2002**

WHEREAS, UmbrellaBank, fsb, Chicago, Illinois, OTS Docket No. 08462 (the Bank), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief (Stipulation); and

WHEREAS, the Bank, in the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist for Affirmative Relief (Order) pursuant to 12 U.S.C. § 1818(b)<sup>1</sup>; and

WHEREAS, the Director of the Office of Thrift Supervision (OTS) has delegated to the Regional Directors of the OTS the authority to issue Orders to Cease and Desist on behalf of the OTS where the Bank has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED THAT the Bank, its directors, officers, employees, agents, service corporations, and subsidiaries shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, aiding or abetting of any unsafe or unsound practice detailed in the October 29, 2001

**UmbrellaBank, fsb  
Cease & Desist Order**

Report of Examination and the May 20, 2002 Field Visit Report of the Bank (ROEs) or any violation of:

12 C.F.R. § 563.41 and 12 C.F.R. § 563.42 (Transactions with Affiliates);

12 C.F.R. § 560.93 (Loans to One Borrower);

12 C.F.R. § 560.40(a)(2)(ii) (Corporate Debt Securities);

12 C.F.R. § 563.170(c) (Establishment and Maintenance of Records);

OTS Thrift Bulletin 13a (Management of Interest Rate Risk, Investment Securities, and Derivatives Activities);

OTS Thrift Bulletin 55a (Interagency Appraisal and Evaluation Guidelines);

OTS Thrift Bulletin 73a (Investing in Complex Securities); and

OTS Regulatory Bulletin 3b (Asset Growth), as its requirements may be modified by the Regional Director.

IT IS FURTHER ORDERED THAT:

#### CORRECTIVE PROVISIONS

1. Board Action

Prior to the Effective Date of this Order, the Board has established an oversight committee (Board Committee) consisting of outside directors to oversee the Bank's compliance with this Order. This Board Committee will continue to undertake oversight responsibilities to the extent outlined herein.

2. Lending and Investment Activities

The Bank shall not initiate any new lending initiatives or investment programs without the prior approval of the Board Committee required by Paragraph 1. of this Order. In requesting such approval, the Bank shall submit to the Board Committee relevant information concerning

the Bank's expertise, experience, staffing adequacy, and risk management procedures as well as the appropriateness of the proposed activity given the Bank's overall risk profile and capital levels. The Bank shall provide copies of all such approved submissions to the Regional Director.

3. Fixed Assets

Within (sixty) 60 days of the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection, a plan to reduce the excessive investment in fixed assets (Fixed Asset Reduction Plan). The Board shall review and document the Bank's compliance with the Fixed Asset Reduction Plan at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) days following each review.

4. Capital Improvement Plan

No later than October 31, 2002, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection, a capital improvement plan that provides for the raising of additional capital and the maintenance of acceptable capital levels at the Bank (Capital Improvement Plan). The Capital Improvement Plan shall set forth the methods by which the capital will be raised, e.g., through the sale of fixed assets, and the timeframes that this will be accomplished. The Board shall review and document the Bank's compliance with the Capital Improvement Plan at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

5. Business Plan

No later than October 31, 2002, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection, a business plan (Business Plan), organized on



a quarterly basis, through at least December 31, 2005. By September 30, 2003, and by September 30 of each year thereafter, the Business Plan shall be revised for the following year ending December 31, and extended for the next following year ending December 31. The Business Plan shall, for the fiscal years it covers, detail the Bank's overall operating strategy (including pro forma financial statements and relevant assumptions for the period covered in the Business Plan), as well as identify the Bank's primary lines of business. At a minimum, each Business Plan shall provide: (i) specific details about the strategies to improve the Bank's operating performance and core earnings; (ii) identification of the Bank's overall funding strategies, including the level of brokered deposits and short term borrowings; and (iii) consideration of the level of fixed assets. Each Business Plan shall specifically consider and address the restrictions imposed by this Order, and the Bank's current and future capital needs identified in the Capital Improvement Plan adopted pursuant to Paragraph 4. of this Order. The Board shall review and document the Bank's compliance with the Business Plan at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

6. Board of Directors, Management and Oversight

A. No later than November 30, 2002, the Board shall develop, adopt, implement and submit to the Regional Director for nonobjection a plan (Staffing Plan) to address and establish staffing requirements of the Bank. The Staffing Plan shall, at a minimum, provide for: (i) an analysis of the staffing levels required to support the Bank's current and future operational strategies contained in the Business Plan adopted pursuant to Paragraph 5. of this Order; (ii) identification of strategies for meeting the staffing requirements of the Bank as determined by the Board and (iii) the need for an experienced lending officer. The Board shall review and

document the Bank's compliance with the Staffing Plan at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

B. The Board shall retain individuals in the following positions: (i) a qualified Chief Financial Officer with banking experience; and (ii) a qualified Senior Loan Administrator with banking and loan workout experience.

7. Internal Audit Program

Within thirty (30) days after the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for nonobjection a comprehensive internal audit program appropriate to the needs of the Bank (Internal Audit Program). The Internal Audit Program shall, at a minimum, provide for: (i) the appointment of an internal auditor who shall report directly to the Board; (ii) the establishment of the scope and frequency of internal audits; and (iii) the submission of quarterly internal audit reports by the internal auditor to the board. The Board shall review the internal audit reports at least once each calendar quarter. A copy of the Board's documentation of this review along with the Board's response to any recommendations for corrective action shall be submitted to the Regional Director within thirty (30) calendar days following each review.

8. Lending

A. Except for loans where there was an outstanding commitment on or before July 9, 2002, the Bank shall not make, invest in, purchase, or commit to make any loan or lease, other than those permitted under Paragraph 8.B., unless the particular loan program receives the prior written approval of the Regional Director.

B. The Bank may make but not purchase Federal Housing Administration (FHA), Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac) or Veterans Administration (VA) conforming 1-4 family residential mortgage loans that are underwritten in strict accordance with the Bank's policies and the respective policies of the FHA, Fannie Mae, Freddie Mac or the VA. This restriction shall remain in effect until the Bank receives written notification from the Regional Director that the restriction has been modified or rescinded.

9. Loan Documentation and Administration

A. Within ninety (90) days after the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection a written plan (Loan Documentation and Administration Plan) to correct the Bank's loan documentation and administration deficiencies detailed in the ROES and all other known loan documentation and administration deficiencies. The Loan Documentation and Administration Plan shall include, but not be limited to:

(i) Establishment of and compliance with policies and procedures for each type of loan product;

(ii) Establishment of risk management policies that include the setting of aggregate limits for higher risk lending activities such as construction, commercial real estate, commercial, direct lease financing and broker purchase/repurchase lending programs;

(iii) Documentation of analysis, review, and monitoring of lending and investment activities;

(iv) Strengthening of credit management activities for each type of lending, and specifically appraisal review in construction lending;

(v) Establishment of written criteria for all loan participations purchased from other institutions; and

(vi) The direct collection of all payments on new commercial leases purchased.

B. The Board shall review and document the Bank's compliance with the Loan Documentation and Administration Plan at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

10. Loans to One Borrower

A. Within ninety (90) days from the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection policies and procedures to ensure the Bank's compliance with its loans to one borrower limitations as set forth in 12 C.F.R. § 560.93. The Board shall review and document the Bank's compliance with its loans to one borrower limitation at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

B. Within forty-five (45) days from the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection a detailed plan (LTOB Correction Plan) to correct the loans to one borrower violations noted in the ROES and all other known violations of the loans to one borrower limitations set forth in 12 C.F.R. § 560.93. The LTOB Correction Plan shall include, at a minimum: (i) identification of all known loans to one borrower violations; and (ii) specific strategies and timeframes for correcting the violations. The Board shall review and document the Bank's compliance with the LTOB Correction Plan at least once each calendar quarter. A copy of the Board's documentation

of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

11. Independent Loan Review

A. (i) Not later than December 31, 2002, , the Board shall engage an independent loan reviewer, other than the Bank's current external auditors, to perform a review (Independent Loan Review) in the first quarter of 2003 of the Bank's construction, commercial real estate, commercial, direct lease financing and broker purchase/repurchase lending programs. At a minimum, the Independent Loan Review shall provide for an analysis of the quality and adequacy of the Bank's: (a) loan portfolios; (b) loan underwriting policies and procedures; (c) loan approval procedures; (d) loan monitoring policies and procedures; (e) loan documentation; (f) loan limitations; and (g) staffing and lending personnel. The Bank shall provide the Regional Director with the name of the independent loan reviewer and a copy of the scope of the Independent Loan Review for review and nonobjection within fifteen (15) days following approval of the engagement by the Board.

(ii) Upon receipt of nonobjection from the Regional Director relating to the Bank's choice of independent loan reviewer and the scope of the Independent Loan Review, the independent loan reviewer shall complete the Independent Loan Review within sixty (60) days from the date of receipt of notice of the Regional Director's nonobjection.

B. A copy of the Independent Loan Review along with the Board's response to any recommendations for corrective action shall be submitted to the Regional Director not later than March 31, 2003.

12. Internal Asset Review Program

Within sixty (60) days from the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection an internal asset review program (Internal Asset Review Program). The Internal Asset Review Program shall, at a minimum, provide for: (i) accurate loan classification ratings; (ii) qualified and independent loan review personnel; (iii) frequent reviews; (iv) acceptable methods of loan selection; (v) adequate scope and depth of the review; (vi) appropriate work paper and report distribution; and (vii) adequate follow-up. The Board shall review and document the results of the Internal Asset Review Program at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

13. Classified Assets

A. Within forty-five (45) days after the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director a written plan for the resolution of each asset in excess of \$250,000 classified as "doubtful" or "substandard" and within ninety (90) days from the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director a written plan for the resolution of each asset in excess of \$250,000 classified as "special mention" in the ROES (Asset Resolution Plan). Each Asset Resolution Plan shall, at a minimum, discuss the problems and weaknesses of each asset, establish reasonable targets and time frames for resolution, assign specific responsibilities, and require quarterly reports to the Board on compliance with established targets and time frames.

B. The Board shall, on a quarterly basis, review each Asset Resolution Plan and document the level of compliance with each such Plan. A copy of the Board's documentation of

this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

C. Within thirty (30) days of classifying an asset pursuant to 12 C.F.R. § 560.160 or the Bank's Asset Classification Policy, the Board shall continue its practice of developing, adopting, and implementing a written Asset Resolution Plan for each such asset in excess of \$250,000.

14. Allowances for Loan and Lease Losses

A. Within thirty (30) days of the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection a revised Allowance for Loan and Lease Losses Policy (ALLL Policy) for the establishment and maintenance of valuation allowances in accordance with the provisions of 12 C.F.R. § 560.160(b); the guidelines set forth in Section 261 of the OTS's Regulatory Thrift Activities Handbook; and the December 21, 1993 and July 2, 2001 Interagency Policy Statements on Allowance for Loan and Lease Losses. At a minimum, the ALLL Policy shall separately analyze the risk of the following portfolio categories: (i) retail single family loans; (ii) construction loans; (iii) multi-family commercial real estate loans; (iv) commercial real estate loans; (v) commercial (non real estate) loans; (vi) broker purchase/repurchase loans; (vii) consumer loans; (viii) other types of loans; and (iv) classified loans with specific allowance allocations for major loans and general allowance allocations for other loans. The Board shall review and document the Bank's compliance with the ALLL Policy at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) calendar days following each review.

B. Within thirty (30) calendar days of the submission of the report of the Independent Loan Review and the Board's response thereto, as required by Paragraph 11. of this Order, the Board shall: (i) review the adequacy of the Bank's ALLL; (ii) as appropriate, correct any deficiencies identified in the level of the ALLL; and (iii) advise the Regional Director in writing of the Board's findings and the corrective actions taken.

15. Interest Rate Risk Management

A. Within sixty (60) days after the Effective Date of this Order, the Board shall develop, adopt, implement and submit to the Regional Director for review and nonobjection an internal program for monitoring the Bank's sensitivity to interest rate risk (Internal Interest Rate Risk Monitoring Program). The Internal Interest Rate Risk Monitoring Program shall, at a minimum, provide for: (i) consideration of the Bank's complex securities and financial derivative investments, high levels of long-term assets and complex funding structure; (ii) the degree net interest income and net portfolio value will be affected by changing interest rate environments; (iii) reasonable levels for net portfolio value and sensitivity; and (iv) reasonable limitations for the changes in net interest income and net portfolio value. The Board shall review and document the Bank's compliance with the Interest Rate Risk Monitoring Program at least once each calendar quarter. A copy of the Board's documentation of this review shall be submitted to the Regional Director within thirty (30) days following each review.

16. Brokered Deposits

The Bank shall not accept, renew or roll over any brokered deposit (as defined by 12 C.F.R. § 337.6) without developing, adopting and submitting to the Regional Director for review and approval a Brokered Deposit Plan. The Plan shall include the Bank's strategies for



accepting, renewing or rolling over any brokered deposits, projected dollar amounts and timeframes.

17. Transactions with Affiliates

The Board shall ensure that all Transactions with Affiliates fully comply with 12 C.F.R. §§ 563.41 and 563.42. The Bank shall maintain documentation sufficient to evidence that all Transactions with Affiliates and Insiders are in compliance with applicable statutory and regulatory requirements.

18. Thrift Financial Report Filing

Within sixty (60) days after the Effective Date of this Order, the Board shall develop, adopt and implement policies and procedures to ensure that the Thrift Financial Report and other reports are accurately filed by the Bank.

19. Operating Restrictions

A. The Bank shall comply with the requirements and provisions of Regulatory Bulletin 3b. Without the prior written approval of the Regional Director, the Bank may not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph 20.A. shall be expressly incorporated in and addressed by the Business Plan required in Paragraph 5. of this Order.

B. The Bank shall not enter into any employment contract with any director or senior executive officer without prior written approval of the Regional Director (OTS Regulatory Handbook, Thrift Activities, Section 310).

C. The Bank must file a notice with Regional Director prior to adding or replacing a director or hiring a senior executive officer or changing the responsibilities of any senior

executive officer so that the person would assume a different senior executive position (12 C.F.R. § 563.560(a)(1)(ii)).

D. The Regional Director must approve all of the Bank's third party contracts for services that occur outside the normal course of business (OTS Regulatory Handbook, Thrift Activities, Section 310).

E. The Bank is prohibited from making any golden parachute payments to any institution-affiliated party, unless the payment is otherwise permitted by regulation (12 C.F.R. Part 359).

F. The Bank shall not declare or make any capital distributions as defined in 12 C.F.R. § 563.141 without the prior written approval of the Regional Director.

#### BOARD OF DIRECTORS

##### 20. Director Responsibility

Notwithstanding the requirements of this Order that the Board submit various matters to the Regional Director or his designee for the purpose of receiving his approval, non-objection, or notice of acceptability, such regulatory oversight does not derogate or supplant each individual Board member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Bank at all times, including compliance with the determinations of the Regional Director as required by this Order.

##### 21. Compliance with Order

A. The Board and officers of the Bank shall take immediate action to cause the Bank to comply with the terms of this Order and shall take all actions necessary or appropriate thereafter to cause the Bank to continue to carry out the provisions of this Order.

B. The Board, on a monthly basis, beginning with the first full month after the Effective Date of this Order, shall adopt a Board resolution (the Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar month, the Bank has complied with each provision of this Order currently in effect, except as otherwise stated. The Compliance Resolution shall specify in detail how, if at all, full compliance was found not to exist.

C. The minutes of the meeting of the Board shall set forth, in the event a vote is not unanimous, the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.

D. No later than the 25th calendar day of the month following the end of a month, beginning with the end of the first full month following the Effective Date of this Order, the Bank shall provide to the Regional Director a certified true copy of the Compliance Resolution(s) adopted at the Board meeting. The Board, by virtue of the Bank's submission of a certified true copy of each such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as provided below. In the event that one or more directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the minutes of the Bank.

E. The Board shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

## MISCELLANEOUS

### 22. Definitions

All technical words or terms used in this Order for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act (HOLA), Federal Deposit Insurance Act (FDIA) or OTS Memoranda. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

### 23. Successor Statutes, Regulations, Guidance, Amendments

Reference in this Order to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date of this Order and references to successor provisions as they become applicable.

### 24. Effective Date

This Order is and shall become effective on the date it is issued, as shown in the caption hereof (Effective Date). The Stipulation and the Order shall remain in effect until terminated, modified, or suspended, in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

### 25. Notices

A. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted by the Order to be made upon, given or furnished to, delivered to, or filed with:

(i) The OTS, by the Bank, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Assistant Regional Director, Office of Thrift Supervision, Department of the Treasury, One South Wacker Drive, Suite 2000, Chicago, Illinois, 60606 or telecopied to (312) 917-5001 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(ii) The Bank by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to UmbrellaBank, fsb at 5818 South Archer Road, Summit, Illinois 60501, or telecopied to (708) 496-6025 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

B. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Order, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

## 26. Time Limits

Time limitations for compliance with the terms of this Order run from the Effective Date of this Order, unless otherwise noted.

27. Effect of Headings

The section and paragraph headings herein are for convenience only and shall not affect the construction hereof.

28. Separability Clause

In case any provision in this Order is ruled to be invalid, illegal, or unenforceable by the decision of any court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

29. No Violations Authorized; OTS Not Restricted

Nothing in this Order or the Stipulation shall be construed as: (i) allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject; or (ii) restricting or estopping the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

30. Incorporation

The Stipulation is made a part hereof and is incorporated herein by this reference.

OFFICE OF THRIFT SUPERVISION

By: 

John E. Ryan

Regional Director, Southeast Region

**CERTIFIED COPY OF  
RESOLUTION OF BOARD OF DIRECTORS  
OF UMBRELLABANK, FSB**

I, the undersigned, being the duly appointed and qualified Secretary of UmbrellaBank, fsb (the "Savings Bank") hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Savings Bank was held on August 15, 2002;
2. At said meeting a quorum was present and voting throughout;
3. The following is a true copy of Resolutions duly adopted by the Savings Bank's Board of Directors, which Resolutions have not been rescinded or modified and are now in full force and effect:

**WHEREAS**, the Board of Directors of the Savings Bank wishes to cooperate with the OTS and to demonstrate that said Board and the Savings Bank have the intent to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices; and

**WHEREAS**, the Directors of the Savings Bank have read and considered: (i) the Order to Cease and Desist (the "Order") and (ii) the Stipulation and Consent to the Order to Cease and Desist (the "Stipulation") attached to the minutes of the meeting of the Board of Directors held on August 15, 2002; and

**WHEREAS**, after due consideration, the Directors of the Savings Bank have determined to stipulate and consent to the issuance of the Order in the interest of regulatory compliance and cooperation;

**NOW, THEREFORE BE IT RESOLVED**, that the attached Stipulation, the provisions of which are incorporated herein by reference, be and is hereby approved by the Board of Directors of the Savings Bank,

**FUTHER RESOLVED**, that the Directors and Officers of the Savings Bank are directed and authorized to take all necessary steps to implement immediately the terms of the Order and to comply, in all respects with such Order.

4. All members of the Board of Directors were present and voted at the meeting (except Arthur E. Byrnes), and all members of the Board of Directors voted in favor of the Resolution, except Arthur E. Byrnes, whose original signature on the Stipulation indicates his consent to its terms and the provisions of the Order.

**IN WITNESS WHEREOF**, I have hereto subscribed my name and affixed the seal of the Savings Bank on this 15th day of August, 2002.



Name: Frances M. Pitts

Title: Secretary and Counsel